

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

Gentlemen:

We have considered your application for recognition of exemption from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

It is indicated in your constitution that the purpose of this [REDACTED] Division, under the direction and sponsorship of [REDACTED] is to promote and encourage the use of horses and horsemen in the enforcement of law and order in the county of [REDACTED], state of [REDACTED], as directed or requested by the Sheriff of [REDACTED] County.

The constitution provides for a further function of the [REDACTED] Division to act as a social organization of [REDACTED], and as such, conduct functions commonly participated in by horsemen's clubs. Also, membership in the [REDACTED] Division shall be open to any person of good repute who qualifies and is accepted by the Board of Directors, and acceptable to the Sheriff's Department as a Deputy Sheriff.

Section 501(c)(3) of the Code provides for the exemption of "corporations, and any other community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, ... or educational purposes..."

Section 1.501(c)(3)-1 of the Income Tax Regulations states that for an organization to be exempt under section 501(c)(3) of the Code, it must be organized and operated exclusively for one or more purposes specified in that section. To be organized properly, an organization's charter or other creating document must limit its purposes exclusively to one or more exempt activities. In addition, the organization's assets must be dedicated exclusively to organizations in furtherance of section 501(c)(3) purposes in the event of dissolution.

Revenue Ruling 60-384, 1960-2 C.B. 172, discusses circumstances under which a wholly-owned instrumentality of a local government may qualify for exemption under section 501(c)(3) of the Code. In short, the ruling holds that an organization must be separately organized and operated, and it must be a clear counterpart of an organization described in section

501(c)(3) of the Code. An integral part of a State or local government cannot qualify for exemption under this test, since: The purposes of government and its parts are not exclusively those mentioned in section 501(c)(3) of the Code; and because the enforcement powers and regulatory powers of government entities have no counterpart among exempt organizations. Thus, a school, recreation center or hospital, which without such powers may be a clear counterpart of an exempt entity, still cannot qualify for recognition of exemption if it is simply a part of government. On the other hand, the school, recreation center, or hospital can be wholly-owned by a county or State, and if it has no governmental powers and is separately organized and operated, it may qualify for exemption under section 501(c)(3) of the Code.

Based on the information submitted, we conclude that [REDACTED] was established and will be operated as an integral part of the [REDACTED] County government in that it serves to carry out the governmental function relating to the enforcement of law and order in the county of [REDACTED], [REDACTED], as directed or requested by the Sheriff of [REDACTED] County. The county acts in its capacity as an agency of the state government rather than an organization distinct from the state. Furthermore, even if the Constitution submitted could be considered as a proper enabling document, it does not contain a clause limiting your activities to those described in section 501(c)(3) of the Code nor does it contain a clause properly dedicating your assets upon dissolution. See section 1.501(c)(3)-1 (b) of the Income Tax Regulations.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a full explanation of your reasoning. This statement must be submitted, in duplicate within 21 days from today and must be signed by one of your principal officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. When sending letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelope: OP:E:EO:T:R:1, Room 6508. These symbols do not refer to your case but rather to its location.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code, provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

[REDACTED]

If we do not hear from you within 21 days, this ruling will become final and copies will be forwarded to the District Director, Internal Revenue Service, U.S. Post Office and Courthouse Building, Detroit, Michigan 48226. Thereafter, any questions about your federal income tax status or the filing of tax returns should be addressed to that office. Also, the appropriate state officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

[REDACTED]

Chief, Rulings Section
Exempt Organizations
Technical Branch